

6/14/77 [1]

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THE PRESIDENT'S SCHEDULE
Tuesday - June 14, 1977

8:15 Dr. Zbigniew Brzezinski - The Oval Office.
8:45 Mr. Frank Moore - The Oval Office.
9:30 Mr. Jody Powell - The Oval Office.
9:45 (10 min.) Drop-By Meeting of Leaders of Veteran/
Military Groups. (Ms. Midge Costanza).
The Roosevelt Room.
10:00 (2 hrs.) Budget Review Meeting. (Mr. Bert Lance).
The Cabinet Room.
1:30 (90 min.) Budget Review Meeting. (Mr. Bert Lance).
The Cabinet Room.
3:15 (15 min.) Secretary Harold Brown - The Oval Office.
4:00 (15 min.) Meeting with Senator Joseph R. Biden, Jr.
and the Delaware Delegation. (Mr. Frank
Moore) - The Cabinet Room.
4:20 (15 min.) Drop-By White House Conference on HIRE.
The East Room.
4:40 (10 min.) Reception for the Inaugural Portfolio
Artists - The Rose Garden.

THE PRESIDENT HAS SEEN.

1/2 M.I. VN Vets unemp
Highest priority
Goal 35% \$63B.1 CETA
Pror 725,000 Pub Serv jobs
NAB - 140,000 HIRE
1- disabled 2- VNam
3- Any 4- spouses
DoL 2000 Disabled
find unemp 1400 already
- VNam - not heroes
Max Cleland
Roland MORA
Med Care / Pensions / Pay

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for Preservation Purposes

THE WHITE HOUSE

WASHINGTON

June 14, 1977

MEMORANDUM FOR
THE HONORABLE RAY MARSHALL
SECRETARY OF LABOR

Re: Economic Contingency Planning

This is to inform you that the President has referred your memorandum concerning Economic Contingency Planning to the EPG for consultation.

Rick Hutcheson

cc: Secretary Blumenthal
Stu Eizenstat
Jack Watson
Landon Butler
Charlie Schultze

THE WHITE HOUSE
WASHINGTON

Send note to Marshall & Blumenthal that the Pres referred Marshall's "Economic Contingency Planning" memo to the EPG for consultation

ACTION
FYI

	MONDALE
	COSTANZA
✓	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
X	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
	BRZEZINSKI
✓	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
X	HUTCHESON
	JAGODA
	KING

	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
X	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

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9

ACTION

13 June 1977

TO: THE PRESIDENT

FROM: RICK HUTCHESON *Rick*

SUBJECT: Summary of Ray Marshall Memorandum,
"Economic Contingency Planning,"
and Comments

Secretary Marshall suggests the need for an economic contingency plan to guarantee that the country gets to full employment in 1980, with a balanced budget in FY 81. He points out that the economic recovery could get off track; and that without a carefully prepared contingency plan, it would be difficult to counteract a pause once it started. He requests that you direct the EPG to prepare such a contingency plan.

Elements of the plan, according to Marshall, could include: a monitoring system; emergency programs at the federal, state and local level; a priority list of those programs; and a strategy for working with Congress.

Eizenstat, Blumenthal and Schultze agree that the issue should be discussed by the EPG. Secretary Blumenthal and OMB question, however, Marshall's suggestion that it is necessary to have a stimulative budget in FY 79-80 to ensure a balanced budget in FY 81.

Eizenstat and Schultze agree that it is wise to plan for the possibility that economic developments may not turn out favorably, but, with OMB, express reservations about the Administration's ability to achieve any breakthroughs in this area. Schultze points out:

- the kind of fiscal action most appropriate to stimulate the economy when growth is faltering develops on why the shortfall is occurring;
- Congress is unlikely to agree in advance on concrete plans to stimulate the economy at an indefinite future date;
- standby initiatives or plans to accelerate existing Federal programs could give rise to demands that such steps be taken immediately.

Schultze suggests that contingency planning be integrated with the annual budget process. Jim McIntyre says that OMB has responded to this suggestion by requesting from agencies ideas about temporary programs that could stimulate the economy, thus building in an appropriate listing of possibilities to be considered during the regular budget process.

Decision:

☒ refer Secretary Marshall's memorandum to the EPG
for consideration

☐ other _____

J

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for Preservation Purposes**

THE WHITE HOUSE

WASHINGTON

MEMORANDUM TO: THE PRESIDENT

FROM: Jack Watson
Jane Frank

June 8, 1977

RE: Ray Marshall's Memorandum on Economic
Contingency Planning

Ray has written a memorandum to you suggesting the need for an economic contingency plan to guarantee that we get to full employment in 1980 with a balanced budget in FY 81. Ray points out that, for various reasons, economic recovery could get off track: economic growth might be less than 6% during the next four years; and growth could be interrupted by a small recession or even a pause of several quarters. Ray argues that without a carefully prepared contingency plan, it would be difficult to counteract a pause once it started, or to shorten the traditional policy-making lags. He therefore requests you to direct the EPG to prepare a plan so we will be ready to move in the event the economic recovery loses its vigor. He suggests basic elements of the plan: a monitoring system; emergency programs at the federal, state and local levels; a priority list of those programs; and a strategy for working with Congress. He attaches a longer discussion paper.

We have received the following comments on Ray's suggestion:

Blumenthal says, "...this seems to me an appropriate issue to be considered by the EPG. With your permission I will put it on the EPG agenda for the development of an appropriate framework." He states some reservations about the contents of the memo--the range of contingencies is too narrow; forecasting is insufficiently stressed; no priority list can work automatically. He is "disturbed at the suggestion in the memo that it is necessary to have a very stimulative budget in fiscal years 1979 and 1980 in order to ensure budget balance in fiscal 1981."

Schultze concurs that "...it is...wise to plan for the possibility that economic developments may not turn out

favorably." He too has some problems with the specifics of the Marshall proposal. According to Charlie, Ray's goals are more ambitious than those OMB and CEA have been using in their long-range budget-planning exercises. Like Mike, he questions the effectiveness of an automatic monitoring system and pre-selected actions to get the economy back on track. He calls the latter "an old and intuitively appealing idea" but notes several shortcomings:

- (1) The kind of fiscal action most appropriate to stimulate the economy when growth is faltering depends on why the shortfall is occurring. For example, if consumer spending is slowing because tax rates are being raised by inflation, the best remedy is to reduce tax rates on individual incomes. If growth is moderating because of inadequate expansion of business investment and industrial capacity, the best remedy is to increase business investment incentives. Expansion of Federal spending programs are sometimes the best remedy for weakness in the economy, but not always.
- (2) Congress is unlikely to agree in advance on concrete plans to stimulate the economy at an indefinite time in the future. Proposals have been advanced by economists repeatedly to grant the Executive Branch a degree of flexibility for adjusting tax rates, or Federal expenditures, to meet the needs of economic stabilization; such proposals have repeatedly been rejected by the Congress, and I expect they would be again.
- (3) Standby plans revealed publicly to accelerate existing Federal programs or new initiatives could easily give rise to demands that such steps be taken immediately.

Charlie suggests that we integrate contingency planning with our broader budgetary strategy, and make it part of the annual budget process.

Options

Refer Ray's memorandum to the EPG
as he suggests;

Refer the problem--including Ray's
memorandum and Charlie's alternative
approach--to the EPG;

Meet with Ray, Mike, and Charlie
before making any decisions;

Defer any action at this time;

See me.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 10, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Jim McIntyre

A handwritten signature in dark ink, appearing to read "Jim", is written over the printed name "Jim McIntyre".

SUBJECT: Ray Marshall's Memorandum on Economic Contingency Planning

Based on the statements outlined in Jack Watson's memorandum, we agree with the reservations expressed by Secretary Blumenthal and Charlie Schultze.

Charlie also suggests that contingency planning be integrated in the regular budget process. As a result of Charlie's earlier suggestion to us, we will include in our letters to agencies outlining guidance for the 1979 budget a request for ideas about temporary programs that could stimulate the economy. In this way, we hope to build an appropriate listing of possibilities that would be considered during the regular budget process.

TTB 67 JUL

THE WHITE HOUSE

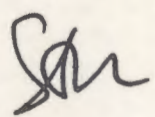
WASHINGTON

June 10, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT 

SUBJECT:

Secretary Marshall's Memorandum on
Economic Contingency Planning

Although I share Charlie Schultze's reservations about our ability to achieve any breakthroughs in this area, I do think that the subject of economic contingency planning might usefully be taken up by the EPG.

I think, however, that the discussion should be held within the Administration (and perhaps just within the EPG) rather than involving state and local governments and Congress in a public review of priority contingency programs as Secretary Marshall envisions -- the "going public" route could raise questions about our own confidence in meeting our economic targets, which could in turn adversely affect consumer and business confidence.

THE WHITE HOUSE

WASHINGTON

Date: June 9, 1977

MEMORANDUM

FOR ACTION:

Bert Lance

Eisenstat - attached

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Jack Watson/Jane Frank memo 6/8 re Ray Marshall's
memo on Economic Contingency Planning.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: Noon

DAY: Saturday

DATE: June 11, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required

THE WHITE HOUSE
WASHINGTON

*send original back to
Tach's office to correct
spelling error.*
T.L.

*Sharon
also send
to Bert
havel
of kind deadline
another day*

ACTION	FYI
<input checked="" type="checkbox"/>	MONDALE
<input type="checkbox"/>	COSTANZA
<input checked="" type="checkbox"/>	EIZENSTAT
<input checked="" type="checkbox"/>	JORDAN
<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

<input checked="" type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
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<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

THE WHITE HOUSE

WASHINGTON

Date: June 8, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat

FOR INFORMATION: The Vice President
Hamilton Jordan

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Jack Watson/Jane Frank memo 6/8 re Ray Marshall's
memo on Economic Contingency Planning.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 6:00 P.M.

DAY: FRIDAY

DATE: JUNE 10, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required

Date: June 8, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat

FOR INFORMATION:

The Vice President
Hamilton Jordan

*Cuf 335
Ginsburg*

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Jack Watson/Jane Frank memo 6/8 re Ray Marshall's
memo on Economic Contingency Planning.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 6:00 P.M.

DAY: FRIDAY

DATE: JUNE 10, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

U. S. DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

May 20, 1977

1977 MAY 21 AM 10 41

MEMORANDUM FOR: THE PRESIDENT

FROM: SECRETARY OF LABOR *R m'*

SUBJECT: NEED FOR AN ECONOMIC CONTINGENCY PLAN

An economic contingency plan is needed to guarantee that we get to full employment in 1980 with a balanced budget in FY 81. We should prepare now a plan of action prescribing what we would do if the economic recovery were to get off track.

The need for an economic contingency plan is based on the following principles:

- The goals for 1980-81 of full employment and a balanced budget can be met only if the economy is strong at that date.
- The economy can be strong in 1980-81 only if we experience an unusually strong recovery between now and then. Specifically, economic growth needs to be maintained at a rate close to 6 percent during the next four years.
- If growth is interrupted by a small recession, or even a pause of several quarters, it would be very difficult to make up the lost ground by 1980-81.
- While the economy is strong now, history suggests that even a strong recovery can quickly turn into a pause or recession.

- Without a carefully prepared contingency plan, it would be difficult to counteract a pause once it started. There are delays in receiving and interpreting economic information, delays in deciding what should be done, and delays in carrying out the actions that are chosen.
- A contingency plan can be designed to shorten these traditional policymaking lags.

I request that you direct the EPG to prepare an economic contingency plan so we will be ready to move in the event the economic recovery loses its vigor.

The plan should contain:

- A monitoring system to determine when the recovery has gotten off track.
- A list provided by the several agencies and departments of programs that could be created or expanded quickly to get the economy back on track.
- A similar list of programs provided by State and local governments.
- A ranking or classification of those programs according to their desirability; criteria for the ranking should include the effect of the programs on the 1980-81 unemployment rate, budget and price level, as well as their effect on program-specific goals.
- A strategy for working with Congress for quick adoption of any contingencies to be selected.

I have attached a discussion of this issue that describes more fully the relations between the contingency plan and the goals of full employment and a balanced budget.

I would like to discuss this issue with you soon.

Attachment

AN ECONOMIC CONTINGENCY PLAN

The Need

Economic events cannot be predicted with certainty. While policies must be based upon our best forecast of the future it is wise to be prepared for the possibility the forecast will be wrong.

Current policy is designed to attain several goals:

- Full employment to be reached by the end of 1980.
- A balanced budget in FY 1981.
- A reduction in the inflation rate to 4 percent by the end of 1979.

Without a strong economy in 1980, it is extremely unlikely that either full employment or a balanced budget can be reached on schedule. While special policies can be designed to pursue these goals individually, the most important ingredient for these goals is the existence of a strong economy in 1980.

Economic growth at a rate close to 6 percent over the next four years is needed if the economy is to be strong enough in 1980 to satisfy the policy goals. While this path to full employment is sound, we must recognize that it is ambitious and that it does not provide much room for error. A small recession or even a pause would open a gap that would be hard to close.

The economy is now on track. The stimulus in existing Administration proposals should provide further strength in the months ahead. There is no need to change current policy as long as growth continues at a 6 percent rate.

But there is nothing inevitable about the path we are on. History suggests that a steady recovery for five years would be unusual, though not unprecedented. We should be prepared for the possibility that the recovery could weaken since it would be unusual if it did not.

It makes good sense to be prepared for such weaknesses by considering now the policies that would be used to combat them. A sound contingency plan could shorten considerably the amount of time it would take to offset any recessionary forces that might develop.

If a recession is to be avoided, a quick reaction to a weakening of the recovery is essential. But for several reasons it is difficult to formulate sound policies and react quickly.

First, it is difficult to know which downturn in the economic statistics represents a true weakness and which represents a random fluctuation. Several months of bad news generally arrive before the weakness is recognized.

Second, when the weakness is recognized, it takes time to decide what to do. Which programs should be expanded - which taxes changed? Should new temporary programs be designed?

Third, once the decision to act has been taken, it takes time for the programs to begin to operate and to affect the level of economic activity.

These three lags can be shortened considerably with a sound economic contingency plan.

The Design of a Contingency Plan

A contingency plan would contain: 1) a system for monitoring the economy, 2) a previously chosen set of actions to be taken if a slowdown occurs, and 3) a strategy for implementing those actions as quickly as possible.

Monitoring

While it is difficult to agree precisely on how far the economy should be permitted to deviate from the target path

before compensating actions are taken. It is useful to agree upon the path itself so there is no confusion about the size of the deviation. Once a path is chosen, the monitoring system should provide periodic assessments of how far the economy has deviated from the path and for how long.

The automatic nature of the assessment is important. Bad news would be called bad because an automated system said so, not because an Administration policymaker found it to be bad in his judgment. The automatic assessment could accelerate the decision to act by making it more difficult to find excuses for bad news or forecasts.

Pre-selected Actions

When action becomes necessary, it can be accelerated if the actions to be taken have been agreed upon in advance. This can be done.

Each agency and department could provide a list of programs that could be expanded quickly if needed. A similar list could be solicited from State and local governments.

The programs would then be classified in several ways and tentatively ranked according to their desirability. Criteria used to rank the programs should include, of course, the speed with which they can be expanded, but should also include their effect on other administration goals.

It should be possible to assemble a list of programs that can be started rapidly but that have little effect on the 1981 budget. For example, a program due to grow could be expanded to its 1981 level as early as 1979. The expansion would stimulate the economy without unbalancing the 1981 budget.

Implementation Strategy

The concrete list of proposals should greatly shorten the time it would take to decide what to do. It would guarantee that the money spent would be spent efficiently. And the very existence of the list would provide evidence that something could be done in a hurry if necessary. This evidence could accelerate the decision to act.

Once the list is assembled, the leaders of Congress should be requested to examine it and to form a plan for dealing with it quickly should the need arise. Hearings could be held so there would be little Congressional delay.

With the monitoring system in place, a proposed set of actions agreed to and a Congress that has been previously altered to the specifics of the plan, quick action becomes possible.

Consistency of Full Employment with a Balanced Budget

Although the contingency plan could require higher outlays in FY 79 or 80, these outlays need not affect the FY 81 budget. In fact, the contingency plan should improve the likelihood of balancing the budget in FY 81 because it will guarantee a strong economy at that date.

The importance of a strong economy to the budget is seen from the historical record:

- The Federal Budget was in surplus in 8 of the last 30 fiscal years: 1947, 48, 49, 51, 56, 57, 60 and 69.
- The unemployment rate was below 4.5 percent in 12 of the last 30 calendar years: 1947, 48, 51-3, 55-7, and 66-9.

Thus in 6 of the 8 years in which the budget was in surplus, the economy was at full employment. Even the remaining two years were periods of high economic activity, but the lack of synchronization of calendar and fiscal years obscures the relationship.

Since a strong economy provides more revenues and requires less outlays than a weak one, it is not surprising the record shows full employment and balanced budgets tend to coincide rather than to conflict.

It is essential that fiscal and monetary policies be directed toward producing a strong economy in 1980 and 81 if the budget is to be balanced and if full employment is to be attained. With a weak economy, neither goal will be met.

While the record shows full employment is not incompatible with a balanced budget, it shows full employment does not by itself bring about such a balance. It is a necessary but not a sufficient condition.

In half of the years in which full employment was attained, the budget remained in deficit. Five of those six years, (52, 53, 66, 67, 68) were years of war, with unusually large outlays, and with hard to employ teenagers at work in the trenches. Regardless of the purpose of government spending, however, those years provide evidence that full employment can be created by outlays that unbalance the budget. Thus the goals of full employment and a balanced budget don't necessarily coincide. The principle that links these goals is the following:

If the private economy is strong when full employment is reached, the budget will show a surplus. If the private economy is weak, the budget will be in deficit.

If the economy is weak in 1980, the Administration will face the difficult decision of whether to unbalance the budget and pursue full employment or to try to balance the budget and cause a recession. It will be too late to attain both goals. Policies must be taken now to guarantee a strong economy in 1980 so this dilemma does not arise.

The Link between the FY 79 Budget and the FY 81 Budget

Because the economic system contains many lags, a judicious timing of fiscal stimulus can provide a strong economy and a strong budget in 1980-81. By providing stimulus in the FY 79 budget, (and the FY 80 budget,) the economy can be strengthened so that it will provide a high level of revenues in FY 81, making a balanced budget more likely in that year.

The principles on which these statements rest are the following:

- Revenue Collections Lag Economic Activity

A strong economy in 1980 will provide a high level of revenues for both the 1980 and 1981 budgets.
April 15, 1981 is the settlement date for personal

tax payments on income earned in Calendar 1980. Corporations' quarterly tax payments for the last two quarters of 1980 will be collected in the FY 81 budget. Furthermore, the ability to estimate quarterly tax payments by using the previous year's income as a guide, indicates that a high level of activity in the first two quarters of 1980 will also lead to high revenues in FY 81.

- Consumer Spending Lags Income

This is well documented empirically in the economic literature on the consumption function. A major reason is thought to be that a high level of income in the past provides consumers with a strong financial structure in the present.

- Investment Spending Lags Sales

Investment - requiring a 10 percent investment growth - shows the largest lag in empirical studies. A major reason is simply the time it takes to complete complicated projects. A nuclear power plant takes 10 years to build. If a stronger than expected economy in 1978 causes public utilities to revise upward their forecasts of power demand in 1988, power plants will be started on which heavy construction activity will take place in 1980. Two to three years is a more typical lead time, and for a lag of this length, a strong argument can be made that it is FY 79 stimulus that will cause high levels of investment in 1980 and beyond.

Historical data show that investment spending lags economic activity. To have high investment in 1980 we need to strengthen the economy in 1978-9.

These lags suggest that the FY 79 and 80 budgets must provide the stimulus needed to direct the economy toward full employment and thereby can help to balance the FY 81 budget. There is no reason why the deficit must decline steadily between now and 1981.

It would be dangerous to expand outlays in the FY 79 budget, however, if the expansion was to be built into all future budgets as well. This can be avoided by restricting the expansion to programs in the following categories:

- Speedups - New spending initiatives could be started early. Don't save the initiatives till FY 81 since an earlier start would lead to more revenues in the FY 81 budget. Programs already scheduled to increase could be increased to their FY 81 levels early.
- Temporary Programs - Temporary programs can improve economic activity now, causing investment to remain high in 1981 long after the programs have disappeared. The agencies should provide a list of useful temporary programs and activities, and document their claim that the programs can be completed before FY 81.
- Triggered Programs - Programs that automatically provide outlays when the unemployment rate is high can be adopted. If full employment is attained in 1980-81, these outlays will automatically disappear from the FY 81 budget. If full employment is not attained, budget balance is unlikely anyway.

Other Budget and Unemployment Policies

Other policies can be followed to reduce the likelihood that a choice will have to be made between full employment or a balanced budget in 1980-81. PSE jobs, for example, will reduce the unemployment rate associated with a given level of fiscal stimulus.

Budget dollars are not equal in their impact on economic activity. By increasing programs with large effects on the economy and decreasing those with small ones, a given deficit can provide a greater stimulus and bring about a lower unemployment rate.

Dollars can be classified roughly as follows in order of decreasing effect on the unemployment rate:

- 1) Outlays for government employment.
- 2) Outlays for government purchases.
- 3) Outlays for transfers and tax reductions.
- 4) Financial Outlays.

By pruning outlays from the bottom of the list, and increasing those at the top, more employment can be squeezed from a given deficit. For example, increasing outlays for CETA at the expense of welfare payments can be expected to increase employment without affecting the budget deficit.

With respect to financial outlays, loans made by the Export-Import Bank and Receipts from Offshore Oil Leases are examples of substantial outlays in the Federal Budget that have little effect on GNP and employment. The 1981 budget should be scrutinized carefully to make sure that these weak outlays are as low as possible.

Even within these categories, some dollars may be stronger than others. The tax reform initiative, for example, should recognize that some tax provisions will have a larger effect on private demand than others. This effect provides an important criterion for the selection of one provision over another.

A careful selection of programs should increase the employment bang from the budget buck. These policies may be followed even in the absence of an economic contingency plan.

The Full Employment Goal

Independent of the need for a contingency plan is the need to restate a numerical goal for unemployment. The "Campaign Promises Book" prepared by the transition team lists as a general principle, "striving to achieve unemployment at a level of 4 percent or less by the end of the first term."

Different numbers have appeared in other documents, some of them unacceptably high.

Recently, OMB prepared a Long Range Budget Outlook (April 28) that projects an unemployment rate of 4.5 percent in 1982. The rates for 1980 and 81 are 5.2 percent and 4.8 percent respectively. These are presumably consistent with a rate of 5.0 percent at the end of 1980.

The same document projects an unemployment rate of 5.5 percent for 1980 under alternative assumptions about the private economy.

The possibility of a rate of unemployment of 5.5 percent in 1980 should not provide the basis for planning in this Administration. While it is appropriate for OMB to calculate how a change in the economy would change the budget, there is a risk these calculations will provide a model for policy making. They should not.

If the economy behaves in an unexpected way, we should change our policies to make sure we hit our goals. The goals should not be recalculated under the assumption our policies will remain fixed.

The calculations in this memo suffer from the lack of a clearly defined goal for unemployment. The 6 percent rate of economic growth mentioned above is intended to be consistent with an unemployment rate of 4.5 percent at the end of 1980, assuming 1,000,000 public service jobs to be provided at that date.

A firmer agreement on a numerical unemployment goal for 1980 should be reached. This is true regardless of whether we formulate a contingency plan.

THE WHITE HOUSE
WASHINGTON

June 14, 1977

Bob Lipshutz -

**The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.**

Rick Hutcheson

**Re: Recognition of the President's
Mother by The Synagogue
Council of America**

THE WHITE HOUSE
WASHINGTON

ACTION
FYI

	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
X	LIPSHUTZ
	MOORE
	POWELL
	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
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	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

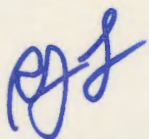
THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

June 13, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: BOB LIPSHUTZ 

SUBJECT: Proposed Recognition of Your Mother by The
Synagogue Council of America (umbrella
organization representing the total American-
Jewish religious community)

Attached is a letter from Senator Ribicoff to me, following a conversation with him concerning this matter.

Also attached is a copy of the proposed letter to your mother from the Synagogue Council.

I realize that the decision in this matter will be that of your mother, but I would like your comments concerning the prize of \$18,000 which accompanies this citation, as it affects your policy concerning gifts, honorariums, etc.

Among the options which you might wish to consider are the following:

1. Recommend that your mother decline the citation and the prize;

_____ Approve _____ Disapprove

2. Recommend that your mother accept the citation but decline the prize;

_____ Approve _____ Disapprove

3. Recommend that your mother accept the citation and the prize, retaining the \$18,000 herself;

_____ Approve _____ Disapprove

4. Recommend that your mother accept the citation and prize, but that she have the prize itself given to

such charities, educational institutions, churches, synagogues, etc., as she might wish to designate; or

✓ Approve Disapprove

5. Make no recommendation whatsoever and leave the decision entirely up to your mother as to all aspects.

 Approve Disapprove

Attachments

a) 4. is my preference.
b) The decision is my mother's.
J



June 9, 1977

Mrs. Lillian Carter
Plains
Georgia

Dear Mrs. Carter:

In one of his fireside chats during World War II, President Franklin D. Roosevelt said that the battle was over Chapter I in Genesis. The free world, he stressed, is committed to the dignity and rights of each and every individual, regardless of race or creed, because we are all made in God's image.

The Synagogue Council of America, representing the total American Jewish Religious Community, recognizes the leadership of our President today, who stresses with equal vigor that the struggle for human rights and ethical behavior, while not being fought on a battlefield by opposing armies, is being fought each day in more subtle ways in nations and communities throughout the world. Our Educational Programs and Research Institute in Washington are continuously seeking ways of teaching the centrality of ethics and morality in year-round programs of ongoing instruction.

From time to time we seek a visible, symbolic occasion for dramatizing our deep dedication to the rights of man and ethical principles as they are rooted in the Biblical, Judeo-Christian tradition. For this purpose, we have established the following:

The Synagogue Council of America Prize
For Achievements in Educating Society
in the Centrality of Human Ethics

awarded each year to an individual who has contributed in an outstanding way to society's living by the ideals of moral, ethical behavior. The prize of \$18,000 is accompanied by a Synagogue Council of America citation, outlining the recipient's achievements in this area of vital human concern.

.....continued

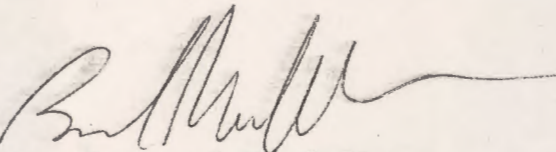
Mrs. Lillian Carter - 2

June 9, 1977 .

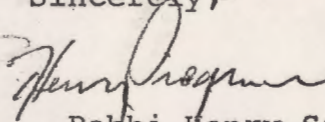
We are proud to inform you that, in recognition of your sterling example in your home community throughout the years, your service in the Peace Corps, your role in nurturing a leader in American life dedicated to ethical behavior and human rights, the Board of Directors of the Synagogue Council of America has unanimously designated you, Mrs. Lillian Carter, as the recipient of the 1977 Prize for Achievements in Educating Society in the Centrality of Human Ethics.

It would be our privilege to present it to you, in person, at our Annual Dinner Celebration on September 25th at the Pierre Hotel in New York City.

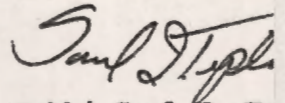
Sincerely,



Dr. Bernard Mandelbaum
President, Research Institute



Rabbi Henry Siegman
Executive Vice President



Rabbi Saul I. Teitelbaum
President

THE WHITE HOUSE
WASHINGTON

June 14, 1977

Secretary Blumenthal:

The attached was returned in
the President's outbox and is
forwarded to you for your infor-
mation.

Rick Hutcheson

Re: Dropping of the Prime Rate
by Morgan Bank

THE WHITE HOUSE
WASHINGTON

cc *Blumenthal*

ACTION
FYI

	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
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	WELLS
	VOORDE

MEMORANDUM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

June 13, '77

6:00 p.m.

Mr. President:

Mike Blumenthal called and I took the message:

- 1) He did have a meeting with Kaiser Aluminum today, and they agreed to raise the price by 2¢, not 3¢, per pound; and not to raise it again this year.

Mike suggested that in any public discussion of this to point out that talks were held and that Kaiser was "positively affected", but detailed reference to the 1¢ drop was not necessary.

- 2) The Morgan Bank dropped the prime rate a quarter point this afternoon. Mike said to tell you "it shows to me that the market does make a difference."

Public criticism may
have made the difference
JC

TK TK

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

June 14, 1977

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by Morgan Bank

MEMORANDUM

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THE WHITE HOUSE

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Public criticism may
have made the difference
JC

TKTK

945 AM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

June 13, 1977

MEETING WITH MILITARY/VETERANS GROUPS

Electrostatic Copy Made
for Preservation Purposes

Tuesday, June 14, 1977
9:45 AM (10 minutes)
The Roosevelt Room

FROM: MARGARET COSTANZA

DHC

I. PURPOSE

To Greet representatives of the major Military/Veterans organizations who are attending a meeting to discuss policy questions with Stuart Eizenstat.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

- A. Background: This meeting was arranged to permit representatives of these groups to discuss a variety of issues concerning their constituents. The Veterans and Military groups have been disappointed thus far by various Administration initiatives including the pardon, the discharge upgrade program and references to "double dipping." The meeting Agenda will include discussions about veteran employment, military compensation, veterans benefits, and the status of the Veterans Administration.
- B. Participants: See Tab A
- C. Press Plan: Press Pool Coverage

III. TALKING POINTS

1. These organizations have felt ignored by the Administration, particularly in light of the constant attention accorded by other Administrations. This is an opportunity to welcome their input and communication to the decision making process of the Administration.
2. This would be an excellent opportunity to reaffirm your support of Max Cleland who will be present at the meeting.

X

3. Many of the groups are concerned about inadequacies in veterans' employment programs. You might note the recent nomination of Roland Mora as Deputy Assistant Secretary of Labor for Veterans Employment. Deputy Assistant Secretary Mora will be in attendance.
4. These groups are very concerned about references by Administration officials to "double dipping," which they consider a derogatory term. They view their retired pay as deferred compensation. You might note that the entire question of military compensation will be considered by the Defense Department Commission and that their views will be solicited.
5. This meeting presents an excellent opportunity to begin to create a positive alliance between these groups and yourself, even though there will at times continue to be disagreement on various policy matters.

PARTICIPANTS

The President

The Honorable Max Cleland
Administrator, Veterans Administration

The Honorable Guy McMichael
General Counsel
Veterans Administration

The Honorable Rufus H. Wilson
Deputy Administrator
Veterans Administration

Erle Cocke, Jr.
American Legion

Francis Conaty, Jr.
Association of U. S. Army

Edward Colembieski,
American Legion

Donald L. Harlow
Air Force Sergeants Association

Richard N. Hamilton
National Black Veterans Organization

Cooper T. Holt
Veterans of Foreign Wars

George F. Hennrikus, Jr.
The Retired Officers Association

Robert B. Laurents
National Association for Uniformed Services

Sidney J. Lindberg
Jewish War Veterans

James A. Maye
Paralyzed Veterans of America

James A. McDonnell, Jr.
Air Force Association

C. A. McKinney
Non-Commissioned Officers Association

The Honorable Roland Mora
Deputy Assistant Secretary Designate
of Labor for Veterans Employment

The Honorable Thomas Wincek
Administrator,
National Association of Vietnam
Veterans Programs

TAB A
(Continued)

Frank J. Randazzo
Disabled American Veterans

J. Milnor Roberts
Reserve Officers Association

Leon Sanchez
AMVETS

V. C. Thomas, Jr.
Navy League of the U. S.

Sumner A. Vale
Blinded Veterans Association

June A. Willenz
American Veterans Committee

Jack Velverton
Fleet Reserve Association

Margaret Costanza
Assistant to The President

Stuart Eizenstat
Assistant to The President

Richard A. Reiman
Office of Public Liaison

Frank Raines
Domestic Policy Staff

R. Reiman;ERC

9:45 a.m.

THE WHITE HOUSE

WASHINGTON

June 13, 1977

MEMORANDUM TO THE PRESIDENT

FROM: JIM FALLOWS *6/13/77*

SUBJECT: Veterans Groups

Achsah Nesmith has suggested these talking points for the Veterans Group.

1. Many of these organizations have felt ignored, but that has certainly not been your intention. There are approximately one-half million Vietnam era veterans unemployed.

A. Jobs for Vietnam era veterans were among your highest priorities when you took office. You set a goal of 35 per cent of the jobs created in the \$6.3 billion Comprehensive Employment and Training Act portion of your economic stimulus package. Although Congress did not make this a requirement, the language of the act encourages the local communities to give veterans priority in filling these 725,000 public service jobs.

B. The HIRE program, which you will speak to this afternoon, seeks to involve the private sector in hiring veterans. The goal set by the National Alliance of Businessmen is 140,000 jobs for veterans, with first preference for disabled veterans, next for Vietnam era, next for veterans of any period and fourth for spouses of veterans killed in action. There is a provision for reimbursing special training costs necessary to hire some of these veterans.

C. The Department of Labor will be hiring a total of 2,000 disabled veterans to serve as outreach workers in the 100 largest cities to find unemployed veterans and help them take advantage of existing programs in their areas. As of last Friday they had hired 1,400 and anticipate hiring the remaining 600 by the end of this month.

2. Veterans today face special problems.

A. When veterans returned from previous wars they were heroes. The Vietnam veteran faced a country anxious to forget his war and everything that went with it. Often this has been done by ignoring him and his problems.

B. The overall economy has made it more difficult for many Vietnam era veterans to get jobs. Within the past few years the nation has been turning out more highly educated people in many fields than the economy has been able to absorb. The relatively unskilled veteran often must compete with these highly trained people for what jobs there are.

3. Appointments.

A. You have appointed Max Cleland, a disabled veteran of the Vietnam war, to head the Veterans Administration. He understands the problems of readjustment as well as the problems veterans of all ages face in the system designed to help them, because he has experienced many of them first-hand. His job will not be easy because the problems are big and complex and veterans do not have the public concern and appreciation that they did in earlier eras. You were impressed with him as a legislator in Georgia and he brings enthusiasm and leadership and a rare courage and determination to his difficult job.

B. Roland Mora, new Deputy Assistant Secretary of Labor, is also here, and will be in charge of the jobs programs for veterans.

4. You may want to recall the budget meetings on the Veterans Administration last week -- the emphasis was on three points:

A. Medical care -- costs too high and not always providing the needed services.

B. Cemeteries

C. Pensions -- you announced Monday that you plan to appoint a commission to look into the whole complex of public and private pensions, their soundness and fairness and restrictions. You are not trying to punish veterans in your concern about double-dipping. The nation has to make adjustments to changed conditions that affect all pension and retirement programs!

- The population is living longer and there are more years of retirement to be funded.

- As birth rates drop there will be a smaller pool of working age people to pay for pension and retirement plans.

- Recent high inflation has put special strains on retirement and pension programs and caused more people getting pensions to need additional earnings to make ends meet.

5. You need their help in getting the support for programs to help veterans and in correcting problems in existing programs. That's why they are meeting with Stu Eizenstat, to get their views and their cooperation so you can work together to help all veterans.

#

THE WHITE HOUSE
WASHINGTON

June 14, 1977

Bert Lance
Charlie Schultze

For your information, the
attached memorandum to Depart-
ments and Agencies was signed
by the President and forwarded
to Bob Linder for appropriate
distribution.

Rick Hutcheson

Re: Control of Year-End Buying

cc Bob Linder

1
logged
6/8

cf furnished
Jim Fallows
6/14/77 mg

THE WHITE HOUSE
WASHINGTON

for distribution

ACTION
FYI

	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	FOR STAFFING
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	SMITH
	STRAUSS
	WELLS
	VOORDE



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

JUN 7 1977

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: Bert Lance, Director

BL

SUBJECT: Control of Year-end Buying

This responds to your May 17 note about what could be done to prevent last minute (and unnecessary) spending by agencies at the end of the fiscal year.

DISCUSSION

Control of year-end spending has been a perennial concern of the Government. From time to time, the President or the Office of Management and Budget has issued instructions to agency heads to take measures to avoid such expenditures when they result in the hurried use of Government funds for unnecessary purposes.

Not all cases of year-end buying represent waste and inefficiency. To some extent, it occurs because prudence is a desirable trait of many Federal finance and administrative officers. They often deliberately defer some planned purchases until late in the fiscal year to make certain that the necessary funds will be available within appropriation and allocation limits. In addition, purchases may be delayed to take advantage of seasonal price fluctuations that may be financially beneficial to the Government. Neither of these practices should be discouraged.

Nonetheless, we recognize that some managers feel compelled to use appropriated funds before they would otherwise lapse, since repeated underruns may be used by OMB or the Congress to reduce appropriation requests. This is the year-end buying that should be discouraged. To do so, it would be advisable to state this Administration's policy with respect to year-end buying.

RECOMMENDATION

That you sign the attached memorandum to agency heads, providing policy guidance on year-end buying.

Attachment

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE HEADS OF

EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Control of Year-End Buying

Your support thus far in our efforts to eliminate duplication and waste in the Federal Government has been gratifying. I appreciate, in particular, your determination and willingness to re-examine existing programs and practices and to apply new procedures and concepts (such as zero-base budgeting) so as to achieve more efficient management and operation of Federal programs.

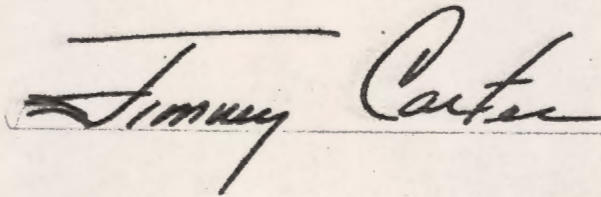
Consistent with these efforts, I want to bring to your attention a potential problem that needs to be addressed by all of us -- "year-end buying." This becomes a problem when an agency rushes to use funds in the last few weeks of the fiscal year without clear and desirable reasons for doing so. Such a practice is generally an attempt to use up funds that would otherwise lapse because the availability of unobligated funds is greater than is necessary to carry out approved programs.

I do not want "year-end buying" to undermine or offset any efforts to reduce costs and eliminate waste. Prudence must be exercised at all times in purchasing goods and services. Special attention is needed at the year's end to resist the temptation to use up available appropriations unnecessarily. Accordingly, I ask that each of you issue internal instructions in your department or agency to assure that:

- obligations for the fourth quarter of the fiscal year do not exceed obligations for the third quarter, except where a higher level is fully justified to carry out a seasonal requirement or an essential program objective or to restore to approved levels in an orderly way a program which has slipped behind schedule.

- orders for supplies, materials, and equipment are kept to the minimum required to meet approved program needs.
- purchases are managed so that inventories are maintained at low optimum levels.
- additional purchase orders and contracts for goods or services (for delivery extending into the next fiscal year) are let when doing so results in a cost advantage to the Government.

I count on your full cooperation and personal attention in maximizing the economies that can be achieved through rational control of year-end buying.

Jimmy Carter

THE WHITE HOUSE
WASHINGTON
June 9, 1977

TO: Rick Hutcheson
FROM: Jim Fallows *Ju*

Here is the re-write of the
"Control of Year-End Buying"
Memo which Griffin Smith has
prepared.

THE WHITE HOUSE
WASHINGTON

*file
not to Pres*

MEMORANDUM TO: HEADS OF EXECUTIVE DEPARTMENTS
AND AGENCIES

FROM: THE PRESIDENT

SUBJECT: Control of Year-End Buying

"There is a sore evil which I have seen
under the sun, namely, riches kept for the
owners thereof to their hurt."

-- Ecclesiastes 5:13

With only days left until the end of this fiscal year,
I am reminded that in the many departments and agencies
of the federal government we are fast approaching a time
which has, in the past, been a festive season known as
Year-End Buying.

This traditional government activity consists of rushing
to spend certain funds without clear and desirable reasons
for doing so. In almost every case, these are funds which
would, if not spent, lapse and be returned to the Treasury.
In many cases they would be more wisely left unspent. In
a time when we must cut costs and reduce waste, we must
resist the temptation to spend them.

During this fiscal year and those which follow in the
Carter Administration, our attitude toward Year-End Buying
should be guided by the advice of the psalmist: "If riches
increase, set not your heart upon them"

I urge you to instruct your departments and agencies to
adhere to the following principles:

- Do not spend more money in the Fourth Quarter
of this fiscal year than you spent in the Third,
unless you are prepared to prove that some essential
part of your program would, clearly and unmistakeably,
suffer from the exercise of thrift.
- Do not stock up with more supplies, material, or
equipment than you actually need for the work you
are actually doing.

- Naturally, if you can save the government money by buying in the Fourth Quarter instead of earlier or later, do it.

I hope that, throughout the government, Year-End Buying will be replaced by renewed pursuit of the Biblical injunction to "... be rich in good works ..." (1 Timothy 6:18).

Stu only
THE WHITE HOUSE
WASHINGTON

Date: June 8, 1977

FOR ACTION:

Stu Eizenstat
Jack Watson *WC*
Jim Fallows
Richard Harden *for comment*

cc (unred)
Schulke *W/ Stu*
Eisen *comment*
MEMORANDUM
FOR INFORMATION: The Vice President
Bob Lipshutz

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Bert Lance memo 6/7 re Control of Year-end Buying.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 2:00 P.M.

DAY: FRIDAY

DATE: June 10, 1977

ACTION REQUESTED:

☒ Your comments
Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

*hold for
Schulke
comment*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

CHARLES L. SCHULTZE, CHAIRMAN
LYLE E. GRAMLEY
WILLIAM D. NORDHAUS

June 11, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze *CLS*
SUBJECT: OMB Memo on Year-end Buying

Bert Lance's proposed memo to agency heads (copy attached) lays out rules to prevent "year-end buying." I concur with the memo, with one exception. Where agency programs are slipping behind schedules that have been approved as part of your overall budget plan, orderly increases in obligations to restore approved levels should not be prohibited. Keeping on schedule with the budget makes both managerial and economic sense.

I would, therefore, suggest the following revised wording for the first indented instructions in Bert's memo (the change is underlined):

" -- obligations for the fourth quarter of the fiscal year do not exceed obligations for the third quarter, except where a higher level is fully justified to carry out a seasonal requirement or an essential program objective or to restore to approved levels in an orderly way a program which has slipped behind schedule."

Attachment



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

JUN 7 1977

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DISCUSSION

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Not all cases of year-end buying represent waste and inefficiency. To some extent, it occurs because prudence is a desirable trait of many Federal finance and administrative officers. They often deliberately defer some planned purchases until late in the fiscal year to make certain that the necessary funds will be available within appropriation and allocation limits. In addition, purchases may be delayed to take advantage of seasonal price fluctuations that may be financially beneficial to the Government. Neither of these practices should be discouraged.

Nonetheless, we recognize that some managers feel compelled to use appropriated funds before they would otherwise lapse, since repeated underruns may be used by OMB or the Congress to reduce appropriation requests. This is the year-end buying that should be discouraged. To do so, it would be advisable to state this Administration's policy with respect to year-end buying.

RECOMMENDATION

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Attachment

THE WHITE HOUSE

WASHINGTON

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Control of Year-end Buying

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Consistent with these efforts, I want to bring to your attention a potential problem that needs to be addressed by all of us--"year-end buying." This becomes a problem when an agency rushes to use funds in the last few weeks of the fiscal year without clear and desirable reasons for doing so. Such a practice is generally an attempt to use up funds that would otherwise lapse because the availability of unobligated funds is greater than is necessary to carry out approved programs.

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THE WHITE HOUSE
WASHINGTON

*Control of
you End
Bugs*

ACTION	FYI
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<input type="checkbox"/>	COSTANZA
<input checked="" type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	JORDAN
<input checked="" type="checkbox"/>	LIPSHUTZ
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<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

THE WHITE HOUSE
WASHINGTON

Harvey,

Please send a copy of the
Lance memo & ~~the~~ Staff
comment to Schallge
& Ernie Pyle @ EPB. Thanks,



Date: June 8, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat ✓
Jack Watson
Jim Fallows
Richard Harden

FOR INFORMATION: The Vice President
Bob Lipshutz 333

*Copy
Rukenshein*

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Bert Lance memo 6/7 re Control of Year-end Buying.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 2:00 P.M.

DAY: FRIDAY

DATE: June 10, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☒ I concur.

☐ No comment.

Please note other comments below:

I concur unless Charlie Schultze and Secretary Blumenthal feel that year-end spending should be increased to offset the shortfall that has occurred during the first three-quarters of the year, for purposes of economic stimulation. I would defer to their judgment on this but think that they should be asked about this before you sign off.

Stu Eizenstat

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

Date: June 8, 1977

MEMORANDUM

6/8

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Jack Watson
Jim Fallows
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RM Harden
6/9

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THE WHITE HOUSE

WASHINGTON

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Control of Year-end Buying

Your support thus far in our efforts to eliminate duplication and waste in the Federal Government has been gratifying. I appreciate, in particular, your determination and willingness to re-examine existing programs and practices and to apply new procedures and concepts (such as zero-base budgeting) so as to achieve more efficient management and operation of Federal programs.

Consistent with these efforts, I want to bring to your attention a potential problem that needs to be addressed by all of us--"year-end buying." This becomes a problem when an agency rushes to use funds in the last few weeks of the fiscal year without clear and desirable reasons for doing so. Such a practice is generally an attempt to use up funds that would otherwise lapse because the availability of unobligated funds is greater than is necessary to carry out approved programs.

I do not want "year-end buying" to undermine or offset any efforts to reduce costs and eliminate waste. Prudence must be exercised at all times in purchasing goods and services. Special attention is needed at the year's end to resist the temptation to use up available appropriations unnecessarily. Accordingly, I ask that each of you issue internal instructions in your department or agency to assure that:

- obligations for the fourth quarter of the fiscal year do not exceed obligations for the third quarter, except where a higher level is fully justified to carry out a seasonal requirement or an essential program objective.
- orders for supplies, materials, and equipment are kept to the minimum required to meet approved program needs.
- purchases are managed so that inventories are maintained at low optimum levels.
- additional purchase orders and contracts for goods or services (for delivery extending into the next fiscal year) are let when doing so results in a cost advantage to the Government.

I count on your full cooperation and personal attention in maximizing the economies that can be achieved through rational control of year-end buying.

THE WHITE HOUSE

WASHINGTON

June 14, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: JIM FALLOWS and GRIFFIN SMITH

Today you signed an OMB memo about year-end spending. We had worked up this alternate version, which -- through confusion and no one's fault -- did not get to you in time.

We show it to you now mainly to learn what we hoped to learn the first time -- that is, whether you would like us to make efforts like this to step away from the standard form from time to time. We thought in this case it was worth waking people up. Should we forget it or try again?

file
not to
Pm

JUN 14 1977

THE WHITE HOUSE

WASHINGTON

MEMORANDUM TO: HEADS OF EXECUTIVE DEPARTMENTS
AND AGENCIES

FROM: THE PRESIDENT

SUBJECT: Control of Year-End Buying

"There is a sore evil which I have seen
under the sun, namely, riches kept for the
owners thereof to their hurt."

-- Ecclesiastes 5:13

With only ___ days left until the end of this fiscal year,
I am reminded that in the many departments and agencies
of the federal government we are fast approaching a time
which has, in the past, been a festive season known as
Year-End Buying.

This traditional government activity consists of rushing
to spend certain funds without clear and desirable reasons
for doing so. In almost every case, these are funds which
would, if not spent, lapse and be returned to the Treasury.
In many cases they would be more wisely left unspent. In
a time when we must cut costs and reduce waste, we must
resist the temptation to spend them.

During this fiscal year and those which follow in the
Carter Administration, our attitude toward Year-End Buying
should be guided by the advice of the psalmist: "If riches
increase, set not your heart upon them"

I urge you to instruct your departments and agencies to
adhere to the following principles:

- Do not spend more money in the Fourth Quarter
of this fiscal year than you spent in the Third,
unless you are prepared to prove that some essential
part of your program would, clearly and unmistakably,
suffer from the exercise of thrift.
- Do not stock up with more supplies, material, or
equipment than you actually need for the work you
are actually doing.

- Naturally, if you can save the government money by buying in the Fourth Quarter instead of earlier or later, do it.

I hope that, throughout the government, Year-End Buying will be replaced by renewed pursuit of the Biblical injunction to "... be rich in good works ..." (1 Timothy 6:18).

THE WHITE HOUSE
WASHINGTON

June 14, 1977

Hugh Carter

**The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.**

Rick Hutcheson

Re: Guards

THE WHITE HOUSE
WASHINGTON

ACTION
FYI

	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
X	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
X	CARP
X	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

June 10, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER *HC*

SUBJECT: Guards

A few weeks ago you noted that you felt there were too many guards at the White House complex.

As a result, I contacted the Executive Protective Service, received ~~the attached~~ two reports and had several meetings with them. The end conclusion is that they feel the number of guards should not be reduced. They are strong on this position and have offered to meet with you to justify their position should you desire.

In addition, they feel that they may need to increase the number of men on their force due to the number of visitors and appointments coming into the White House complex and due to the fact that the sniper protection needs to be upgraded.

Unless you want to pursue the matter further by meeting with them, I suggest you allow them to maintain the present manpower level, but order them not to increase the level unless you authorize it.

Approve ✓

Disapprove _____

JC

~~Tab A - EPS Memo Dated 5/11/77~~

~~Tab B - EPS Memo Dated 5/5/77~~

**Electrostatic Copy Made
for Preservation Purposes**

Attachments
not submitted



UNITED STATES SECRET SERVICE

EXECUTIVE PROTECTIVE SERVICE

WASHINGTON, D.C. 20226

OFFICE OF THE CHIEF

May 11, 1977

MEMORANDUM FOR MR. HUGH CARTER, SPECIAL ASSISTANT TO THE PRESIDENT
FOR ADMINISTRATION

FROM: The Executive Protective Service

SUBJECT: Executive Protective Service White House Division Manpower
Survey

Reference is made to the previous correspondence dated May 5, 1977.

Security at the White House is maintained seven days a week, twenty-four hours a day. There are thirty-two (32) fixed security type posts which are spread out over eighteen (18) acres (outer perimeter and inner perimeter posts).

Each of these posts is maintained by a uniformed police officer; and in some cases, more than one officer is assigned (B-4, A-4, D-2). There are several posts which are maintained from 7:00 a.m. through approximately 10:00 p.m. These posts are operational during these hours due to the enormous flow of persons to the White House during business hours.

The security posts for EPS Officers are separate and apart from the agents of the Secret Service, inasmuch as the agents "move" with the President - the officers are "fixed" in their assignments, in order to provide and maintain integrity of the White House Complex. This type of integrity is maintained even when the President and Family are away from the White House.

Security Posts in the White House Complex can be broken down into the following categories: Outer Perimeter Posts, Inner Perimeter Posts and those Posts located inside the buildings.

Outer Perimeter Posts: The following posts are covered by one officer, twenty-four hours a day, seven days a week, except as noted. They are all gate posts:

A-2	Northeast Gate
A-1	East Gate north
B-12	East Gate south
B-11	Southeast Gate
B-3	Southwest Gate
A-5	North end of West Executive Avenue
D-4	South Court entrance to EOB, 17th Street side, covered sixteen (16) hours a day, Monday through Friday
D-3	North Court entrance to EOB, 17th Street side, covered sixteen (16) hours a day, Monday through Friday

In addition to the above, Post A-4 (Northwest Gate) is covered by three officers on 0700 and 1500 hours tour of duty and by one officer on the 2300 hours tour of duty.

This is one of the two most popular entrance gates to the White House, the other being Post B-4/B-4A (South entrance to West Executive Avenue), covered by three officers also. The majority of employees for the West Wing, Residence, and many of the employees in the EOB, enter through these gates. It is also the entrance used by appointments for either the West Wing, Residence, and EOB Offices.

Inner Perimeter Posts: The following posts are covered by one officer, twenty-four hours a day, seven days a week:

C-2	North entrance to First Floor of Residence
C-2A	North Grounds east of Residence
C-3	North entrance to kitchen, basement of Residence and mechanical areas
C-12	South Grounds east of Residence
C-11	South entrance to Ground Floor of Residence
C-9	On roadway adjacent to Oval Office
C-8	Knoll south of West Wing by swimming pool
C-6	Entrance to North Grounds from West Executive Avenue
D-5	Entrance to EOB from West Executive Avenue

Inside Posts: The following posts are located inside the different buildings in the Complex as noted. They are covered twenty-four hours a day, seven days a week, by one officer, except as noted:

G-4	East Wing Lobby
G-5	Adjacent to the Theatre on tour route, covered sixteen (16) hours a day
F-1	Ground Floor of Residence at main elevator
F-5	First Floor of Residence inside north entrance door
F-6	First Floor main elevator landing
E-10	Colonnade entrance to West Wing by Press Office, covered sixteen (16) hours a day
E-6	Entrance to Oval Office, Study area, and Cabinet Room, covered only when the President is not in the Office.
E-4	Lobby entrance to West Wing from North Grounds
E-1	Basement entrance to West Wing from West Executive Avenue
D-1	North entrance to EOB from Penn. Avenue
D-2	17th Street entrance to EOB, covered by two officers, sixteen (16) hours a day
L-1	Second Floor of EOB, Vice President's EOB Office, covered sixteen (16) hours a day, Monday through Friday

In addition to the above, there are several support groups. The Control Center, Appointment Center, Personnel Scheduling Office, Supervisory Personnel and Administrative Personnel. Some of these function around the clock, seven days a week, others operate either sixteen (16) hours a day or eight (8) hours a day.

An evaluation of the security posts and procedures at the White House is an on going process, and it is the opinion, in order to provide adequate security for the President and his family, the buildings and grounds, the security arrangements are now indeed at near "bottom line".

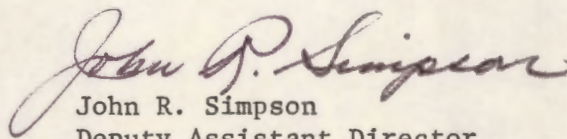
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As referred to in the previous memorandum, numerous attempts have been made to penetrate the White House Grounds, in an attempt to do bodily harm to the President.

Post E-7, located at the entrance to the Cabinet Room, will be discontinued.

In consideration of the President's privacy, every effort is being made to reduce the presence of uniformed officers.

It is the position of the USSS/EPS that any elimination of fixed posts now in existence would not provide the secure environment needed to protect the Complex and life of the President and members of his family.

A handwritten signature in dark ink, reading "John R. Simpson". The signature is written in a cursive style with a large, looping initial "J".

John R. Simpson
Deputy Assistant Director
Executive Protective Service



OFFICE OF THE CHIEF

10³⁰ 5/11

UNITED STATES SECRET SERVICE
EXECUTIVE PROTECTIVE SERVICE
WASHINGTON, D.C. 20226

May 5, 1977

MEMORANDUM FOR MR. HUGH CARTER, SPECIAL ASSISTANT TO THE PRESIDENT
FOR ADMINISTRATION

FROM: The Executive Protective Service

SUBJECT: Executive Protective Service White House Division Manpower
Survey

In accordance with your request, the following manpower survey material is provided.

The White House Division is charged with the responsibility of providing a safe and secure environment to the President and his immediate family and his staff so that they may go about performing the duties of the administration. The White House Complex covers approximately 18 acres.

This safe and secure environment is achieved primarily by providing a number of perimeter posts where vehicle checks, pedestrian and appointment checks are conducted by the Officers assigned.

Within the outer perimeter posts, there are other posts strategically located to back up the extreme perimeter posts.

All entrances into the Executive Residence are also manned by EPS Officers.

The White House Division's present strength of 336 is utilized in the following manner:

**Electrostatic Copy Made
for Preservation Purposes**

<u>0700 Hours</u>	<u>1530 Hours</u>	<u>2300 Hours</u>
[81 Posts]	[44 Posts]	[37 Posts]
151 personnel to cover 7 day wk	99 personnel to cover 7 day wk	82 personnel to cover 7 day wk

The required figure of 336 takes into consideration not only the posts shown above, but also realizes the personal requirements of our employees such as sick leave, annual leave, days off and periodic updating training sessions. This manpower is essential to maintain the many security tasks of the EPS.

The 336 uniformed personnel covers all security posts in the White House and Executive Office Building Complex and includes support areas such as the Control Center, the Appointment Center, Administrative and Parking positions. The Appointment Center alone deals with thousands of people, which must be properly processed in a courteous, efficient manner. These appointment figures are constantly rising, as shown by the sampling below.

MONTHLY	February, 1974	9,000
MONTHLY	February, 1975	12,800
MONTHLY	February, 1976	12,900
MONTHLY	February, 1977	19,000

According to our past figures, EPS manpower has remained about the same since June, 1973 (338 people); however, every year the Executive Protective Service continues to receive more assignments.

Since 1972, there have been increased penetrations into the White House Grounds, increased bomb threats, each of which must be investigated.

In 1974, there was an unauthorized helicopter landing in the White House Grounds, which required the special EPS skills to apprehend the penetrator. Also in 1974, there was an unauthorized penetration in the White House Grounds by an individual who had what appeared to be explosives strapped to his body.

In 1976, there was an unauthorized penetration into the White House Grounds which necessitated taking the life of the penetrator. Also in 1976, there was an attempt by a vehicle to enter the North Grounds by crashing into the Northwest Gate. The attempt was unsuccessful.

EPS provides emergency fire protection and first aid.

The continued growth of tourists to the White House also require the close attention and scrutiny of the EPS personnel. Just in February, 1977, the total tourists for the White House was 45,149. In March, the figure climbed to 89,590.

Since January, 1977, the number of visits by Foreign Dignitaries has been greater than previous years. The total guests numbered 15,485, not including press and military personnel.

On January 21 and 22, 1977, the number of guests processed for the after Inaugural events approximated 4,500 people.

Because of the unique relationship of the Executive Protective Service to the Office of the President of the United States and existing legislation, it is called upon, at the discretion of the President, to serve in other areas on a case by case basis.

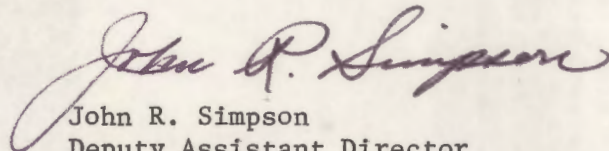
In 1974, the International Monetary Fund and World Bank Conference met in the Sheraton Park Hotel and a detail of 62 Officers was provided by the White House Division to maintain proper security.

In 1976, EPS participated in the security of President Ford's Economic Summit Conference in Dorado Beach, Puerto Rico. A detail of 32 Officers was provided by the White House Division.

EPS was called upon to serve with the protection of Queen Elizabeth's Bicentennial visit. Officers were assigned to various ports (Washington, D. C.; New York City, New York; Philadelphia, Pennsylvania; Newark, New Jersey; New Port, Rhode Island; New Haven, Connecticut and Boston, Massachusetts) where the Yacht Britainia was berthed. A detail of 16 Officers was provided by the White House Division.

Half the men used to provide protective details to various Arab, Israeli and other UN Missions in New York City are White House Division personnel. This detail has been operative since 1973, and is used to strengthen morale and to gain a broad experience for the Officer assigned.

In summary, after an introspective study, we feel the number 336 is a conservative one, and is the very minimum figure necessary to carry on our present responsibilities at the White House Division to maintain adequate security coverage for the President on a twenty-four hour, seven day a week basis.

A handwritten signature in dark ink, reading "John R. Simpson". The signature is written in a cursive style with a large, sweeping initial "J".

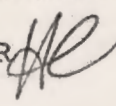
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THE WHITE HOUSE

WASHINGTON

June 10, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER 

SUBJECT: Guards

A few weeks ago you noted that you felt there were too many guards at the White House complex.

As a result, I contacted the Executive Protective Service, received the attached two reports and had several meetings with them. The end conclusion is that they feel the number of guards should not be reduced. They are strong on this position and have offered to meet with you to justify their position should you desire.

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Approve _____

Disapprove _____

Tab A - EPS Memo Dated 5/11/77

Tab B - EPS Memo Dated 5/5/77



OFFICE OF THE CHIEF

UNITED STATES SECRET SERVICE

EXECUTIVE PROTECTIVE SERVICE

WASHINGTON, D.C. 20226

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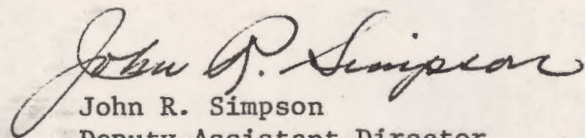
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OFFICE OF THE CHIEF

10³⁰ 5/11

UNITED STATES SECRET SERVICE
EXECUTIVE PROTECTIVE SERVICE
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On January 21 and 22, 1977, the number of guests processed for the after Inaugural events approximated 4,500 people.

Because of the unique relationship of the Executive Protective Service to the Office of the President of the United States and existing legislation, it is called upon, at the discretion of the President, to serve in other areas on a case by case basis.

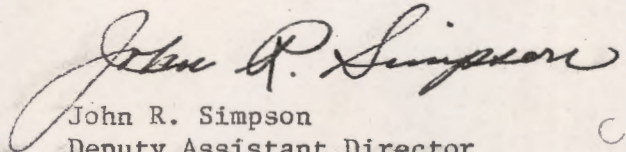
In 1974, the International Monetary Fund and World Bank Conference met in the Sheraton Park Hotel and a detail of 62 Officers was provided by the White House Division to maintain proper security.

In 1976, EPS participated in the security of President Ford's Economic Summit Conference in Dorado Beach, Puerto Rico. A detail of 32 Officers was provided by the White House Division.

EPS was called upon to serve with the protection of Queen Elizabeth's Bicentennial visit. Officers were assigned to various ports (Washington, D. C.; New York City, New York; Philadelphia, Pennsylvania; Newark, New Jersey; New Port, Rhode Island; New Haven, Connecticut and Boston, Massachusetts) where the Yacht Britainia was berthed. A detail of 16 Officers was provided by the White House Division.

Half the men used to provide protective details to various Arab, Israeli and other UN Missions in New York City are White House Division personnel. This detail has been operative since 1973, and is used to strengthen morale and to gain a broad experience for the Officer assigned.

In summary, after an introspective study, we feel the number 336 is a conservative one, and is the very minimum figure necessary to carry on our present responsibilities at the White House Division to maintain adequate security coverage for the President on a twenty-four hour, seven day a week basis.


John R. Simpson
Deputy Assistant Director
Executive Protective Service

400 PM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

MEETING WITH THE DELAWARE DELEGATION
RE SCHOOL BUSING

Tuesday, June 14, 1977

4:00 p.m. (15 minutes)

Cabinet Room

From: Frank Moore

I. PURPOSE

To discuss busing in Delaware.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: Senator Biden wants to talk about busing. The visit was inspired by the lead story in Tuesday's New York Times concerning Judge Bell's legal opinion on clustered or paired schools.

Moreover, the Court of Appeals for the 3rd Circuit last week affirmed a district court decision ordering widespread busing in Delaware. If fully implemented, the decision could affect 62% of the school children in the state.

To make matters worse, Jim Venema, the head of the 13,000-member, anti-busing group, Positive Action Committee (PAC), is attacking Biden for being soft on busing. Venema has indicated he may run against Biden next year as a Republican. The Senator's staff believes he would be a troublesome opponent.

Hearings will be held this week on Senator Biden's bill, S.1651, to prevent busing beyond a pupil's nearest school. Under the bill's provisions, busing would be allowed only for special education programs or in situations where pupils were intentionally assigned on the basis of race.

**Electrostatic Copy Made
for Preservation Purposes**

Senator Biden will ask your support for S.1651. In addition, he will ask your advice on who should be invited from the Administration to testify. He is hoping to get a liberal attorney from Justice to reluctantly offer his opinion that the bill is constitutional.

- B. Participants: The President
Senator Biden
Senator Roth
Congressman Evans
Stu Eizenstat
Frank Moore
Bob Thomson
Val Pinson
- C. Press Plan: White House Photo Only.

III. TALKING POINTS

Your discretion.

THE WHITE HOUSE

WASHINGTON

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III. TALKING POINTS

Your discretion.

THE WHITE HOUSE
WASHINGTON

June 14, 1977

Z. Brzezinski

For your information, the attached
was returned in the President's
outbox and the appointment letter
has been given to Bob Linder
for appropriate handling.

Rick Hutcheson

cc: Jim King
Tim Kraft
Bob Linder

Re: Appointment of Gerard Smith

logged 6/11/77

THE WHITE HOUSE
WASHINGTON

ACTION	FYI		
		MONDALE	ENROLLED BILL
		COSTANZA	AGENCY REPORT
		EIZENSTAT	CAB DECISION
		JORDAN	EXECUTIVE ORDER
		LIPSHUTZ	Comments due to
		MOORE	Carp/Huron within
		POWELL	48 hours; due to
		WATSON	Staff Secretary
			next day

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON		KRAFT
	BOURNE		LANCE
X	BRZEZINSKI		LINDER
	BUTLER		MITCHELL
	CARP		POSTON
	H. CARTER		PRESS
	CLOUGH		B. RAINWATER
	FALLOWS		SCHLESINGER
	FIRST LADY		SCHNEIDERS
	GAMMILL		SCHULTZE
	HARDEN		SIEGEL
	HOYT		SMITH
	HUTCHESON		STRAUSS
	JAGODA		WELLS
X	KING		VOORDE

MEMORANDUM

3401

THE WHITE HOUSE
WASHINGTON

ACTION

June 11, 1977

MEMORANDUM FOR: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI *ZB.*
SUBJECT: Appointment of Gerard Smith

At Tab A is a proposed letter of appointment from you to Ambassador Smith as overall director of US nuclear non-proliferation efforts. State's description of his job is at Tab B. State plans a status similar to Elliott Richardson's, but with far wider scope. Smith would be in charge of both bilateral and multilateral negotiations and would head the US delegation to the IAEA.

State also recommends -- and I agree fully -- that you meet with Smith at an early opportunity.

RECOMMENDATION:

That you sign the letter at Tab A.

That you meet with Ambassador Smith.

APPROVE

☒

DISAPPROVE

[Signature]

THE WHITE HOUSE

WASHINGTON

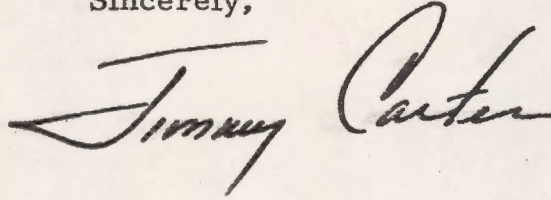
To Gerard Smith

I am pleased to know that you will be available to serve as Special Representative, with the rank of Ambassador-at-Large, to represent the United States in connection with the non-proliferation project agreed on at the recent London Summit Conference (including both the two months study of terms of reference and the International Fuel Cycle Evaluation). In this capacity you will be responsible for coordinating preparation of Executive Branch studies, policies, and positions on the issues to be covered by this international program -- and for carrying out negotiations and discussions here and abroad in connection with this effort. I am directing the heads of the U.S. Departments and agencies concerned to give full support to this work.

More broadly speaking, I will look to you to coordinate and guide U.S. efforts internationally to carry out non-proliferation policies, and you will be responsible for negotiations to that end. In view of the important role which the International Atomic Energy Agency plays in non-proliferation matters, I also intend to nominate you to serve as U.S. Representative to that Agency. All these activities will, of course, be under the direction and authority of the Secretary of State.

International measures aimed at reducing the spread of nuclear explosives capabilities are of paramount importance to the security of our nation and the world. You may be sure of my personal interest in and support for your endeavors.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned below the word "Sincerely,".

Gerard C. Smith, Esquire
Wilmer, Cutler and Pickering
1666 K Street, N. W.
Washington, D. C.

DEPARTMENT OF STATE
WASHINGTON

May 31, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: Warren Christopher, Acting *WC*

Attached is a proposed letter from you to Gerard Smith covering his appointment as Special Representative with the rank of Ambassador-at-Large responsible for non-proliferation matters, and as U.S. Representative to the IAEA.

From an organizational standpoint, we recommend that Gerry serve under the Secretary, be officed in the Department and supported by us in much the same manner as Ambassador-at-Large Elliot Richardson in connection with the Law of the Sea Conferences. Joseph Nye, Deputy to Under Secretary Lucy Benson, will continue to handle the London Suppliers Conference and to chair the Interagency Coordinating Group, in addition to being involved in the full range of non-proliferation activities under Gerry's oversight. Deputy Assistant Secretary Louis Nosenzo and his staff will assist Gerry in connection with the negotiation of the Agreements for Cooperation. In addition, Gerry has been talking with Phil Farley, one of the authors of the Mitre Report and the former Director of our Politico-Military Bureau, about coming in as his Deputy.

Gerry has asked to see you in connection with his new assignment and Cy and I recommend such an appointment at your convenience. Cy will be back from Europe either tomorrow or Thursday and would be available to attend your meeting with Gerry.

Attachment:

Proposed letter to
Gerard Smith.

THE WHITE HOUSE
WASHINGTON

June 14, 1977

Z. Brzezinski

For your information, the attached order concerning John Gilligan's appointment as the President's Special Coordinator for International Disaster Assistance was signed by the President and given to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Bob Linder

Logged
6/10

THE WHITE HOUSE
WASHINGTON

ACTION		
FYI		
	MONDALE	ENROLLED BILL
	COSTANZA	AGENCY REPORT
	EIZENSTAT	CAB DECISION
	JORDAN	EXECUTIVE ORDER
	LIPSHUTZ	Comments due to
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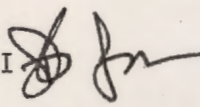
	FOR STAFFING
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	LOG IN/TO PRESIDENT TODAY
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	H. CARTER		PRESS
	CLOUGH		B. RAINWATER
	FALLOWS		SCHLESINGER
	FIRST LADY		SCHNEIDERS
	GAMMILL		SCHULTZE
	HARDEN		SIEGEL
	HOYT		SMITH
	HUTCHESON		STRAUSS
	JAGODA		WELLS
	KING		VOORDE

THE WHITE HOUSE
WASHINGTON

June 10, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI 

SUBJECT: Appointment of John Gilligan as the
President's Special Coordinator for
International Disaster Assistance

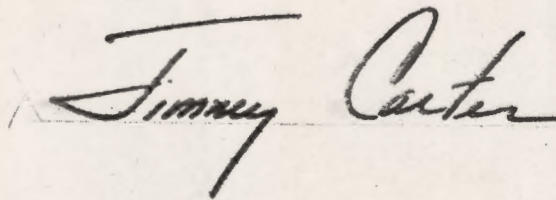
Governor Gilligan recommends (Tab B) that he be appointed as your Special Coordinator for International Disaster Assistance. He correctly points out that the appointment of the AID Administrator as the President's Special Coordinator is consistent with recent precedent and the legislative history of the Foreign Assistance Act. Because the AID Administrator is already responsible for disaster relief under the Act, it makes good sense to appoint him as your Special Coordinator. Anne Martindell, Director of AID's Office of Foreign Disaster Assistance, would be the key official responsible for this area in AID.

RECOMMENDATION

SIGNATURE
That you sign the document at ¹Tab ~~4~~ appointing Gilligan as your Special Coordinator for International Disaster Assistance.

ORDER

I hereby appoint the Administrator of the Agency for International Development, John J. Gilligan, as Special Coordinator for International Disaster Assistance, pursuant to Section 493 of the Foreign Assistance Act of 1961, as amended.

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned in the center of the page.

THE WHITE HOUSE,

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON

THE ADMINISTRATOR

May 27, 1977

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Appointment of President's Special Coordinator for
International Disaster Assistance

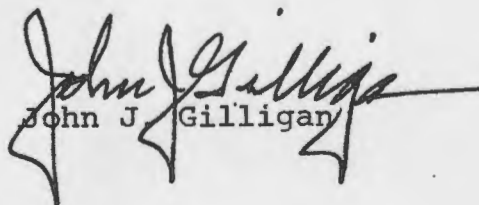
This memorandum requests that you appoint John J. Gilligan, Administrator of the Agency for International Development, as Special Coordinator for International Disaster Assistance.

Background: The A.I.D. Administrator is responsible for furnishing disaster relief assistance authorized by Section 491(b) of the Foreign Assistance Act. For a number of years, he has also coordinated all United States foreign disaster relief activities.

Section 493 of the Foreign Assistance Act authorizes the President to appoint a Special Coordinator for International Disaster Assistance; and the legislative history of that section makes clear Congress' expectation that the A.I.D. Administrator would be named Coordinator.

Anne Martindell, who is Director of the Agency's Office of Foreign Disaster Assistance, supports the Special Coordinator. Her office at A.I.D. serves as the United States Government's focal point for the coordination of international, federal, state and local response to foreign disasters.

Recommendation: I therefore respectfully request that you sign the appointment set out below.


John J. Gilligan



Public Law 94-161
94th Congress, H. R. 9005
December 20, 1975

An Act

To authorize assistance for disaster relief and rehabilitation, to provide for overseas distribution and production of agricultural commodities, to amend the Foreign Assistance Act of 1961, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "International Development and Food Assistance Act of 1975".

TITLE I—INTERNATIONAL DISASTER ASSISTANCE

INTERNATIONAL DISASTER ASSISTANCE

SEC. 101. The Foreign Assistance Act of 1961 is amended—

- (1) by amending the chapter heading for chapter 9 of part I to read "CHAPTER 9—INTERNATIONAL DISASTER ASSISTANCE";
- (2) by repealing section 491;
- (3) by inserting immediately after the chapter heading for such chapter 9 the following new sections:

"SEC. 491. POLICY AND GENERAL AUTHORITY.—(a) The Congress, recognizing that prompt United States assistance to alleviate human suffering caused by natural and manmade disasters is an important expression of the humanitarian concern and tradition of the people of the United States, affirms the willingness of the United States to provide assistance for the relief and rehabilitation of people and countries affected by such disasters.

"(b) Subject to the limitation on appropriations in section 492, and notwithstanding any other provision of this or any other Act, the President is authorized to furnish assistance to any foreign country or international organization on such terms and conditions as he may determine, for international disaster relief and rehabilitation, including assistance relating to disaster preparedness, and to the prediction of, and contingency planning for, natural disasters abroad.

"(c) In carrying out the provisions of this section the President shall insure that the assistance provided by the United States shall, to the greatest extent possible, reach those most in need of relief and rehabilitation as a result of natural and manmade disasters.

"SEC. 492. AUTHORIZATION.—There is authorized to be appropriated to the President to carry out section 491, \$25,000,000 for each of the fiscal years 1976 and 1977. Amounts appropriated under this section are authorized to remain available until expended. The President shall submit quarterly reports to the Committee on Foreign Relations of the Senate and to the Speaker of the House of Representatives on the programing and obligation of funds under this section.

"SEC. 493. DISASTER ASSISTANCE—COORDINATION.—The President is authorized to appoint a Special Coordinator for International Disaster Assistance whose responsibility shall be to promote maximum effectiveness and coordination in responses to foreign disasters by United States agencies and between the United States and other donors. Included among the Special Coordinator's responsibilities

International
Development
and Food
Assistance Act
of 1975.
22 USC 2151
note.

22 USC 2292.

Repeal.
22 USC 2292.

22 USC 2292.

Infra.

22 USC 2292a.

Reports to
Senate
committee
and Speaker
of the House.
Special
Coordinator
for Inter-
national
Disaster
Assistance.
Presidential
appointment.
22 USC 2292b.

shall be the formulation and updating of contingency plans for providing disaster relief.”;

22 USC 2292c.

(4) by redesignating section 452 as section 494 and inserting it immediately after section 493;

22 USC 2292d,
2292e.

(5) by redesignating sections 639A and 639B as sections 494A and 494B, respectively, and inserting them immediately after section 494;

Repeal.

(6) by repealing section 639;

22 USC 2399.

(7) in section 494B, as redesignated by paragraph (5) of this section—

22 USC 2292e.

(A) by striking out “SAHEL” in the section caption,

(B) by inserting “(a)” immediately after the section caption,

(C) by striking out “supports” and inserting in lieu thereof “reaffirms its support of”, and

(D) by adding the following new subsections at the end thereof:

Sahel and
drought-
stricken

“(b) The President is authorized to develop a long-term comprehensive development program for the Sahel and other drought-stricken nations in Africa.

African
nations, com-
prehensive de-
velopment plan.

“(c) In developing this long-term program, the President shall—

“(1) consider international coordination for the planning and implementation of such program;

“(2) seek greater participation and support by African countries and organizations in determining development priorities; and

“(3) begin such planning immediately.

Appropriation
authorization.

“(d) There is authorized to be appropriated to the President, to carry out the purposes of this section, in addition to funds otherwise available for such purposes, \$5,000,000 for the fiscal year 1976, which amount is authorized to remain available until expended. The President shall submit to the Foreign Relations and Appropriations Committees of the Senate and the International Relations and Appropriations Committees of the House of Representatives not later than April 30, 1976, a comprehensive proposal for carrying out the provisions of this section which shall include budget materials relating to programs for the fiscal year 1977.”; and

Comprehensive
proposal, sub-
mittal to con-
gressional
committees.

(8) by adding the following new section immediately after new section 494B:

22 USC 2292f.

“SEC. 495. CYPRUS RELIEF AND REHABILITATION.—The President is authorized to furnish assistance, on such terms and conditions as he may determine, for the relief and rehabilitation of refugees and other needy people in Cyprus. There is authorized to be appropriated for the purposes of this section, in addition to amounts otherwise available for such purposes, \$30,000,000. Such amount is authorized to remain available until expended. Assistance under this section shall be provided in accordance with the policy and general authority contained in section 491.”

TITLE II—FOOD AID TO POOR COUNTRIES

POLICY

7 USC 1691.

SEC. 201. Section 2 of the Agricultural Trade Development and Assistance Act of 1954 is amended by adding at the end thereof the following:

THE WHITE HOUSE
WASHINGTON

June 14, 1977

Bob Lipshutz
Frank Moore
Richard Harden

For your information, the
attached salary order was signed
by the President and given to
Bob Linder for appropriate
handling.

Rick Hutcheson

Re: Salary Order for
William Cable & Dan Date

THE WHITE HOUSE
WASHINGTON

ACTION			
FYI			
		MONDALE	ENROLLED BILL
		COSTANZA	AGENCY REPORT
		EIZENSTAT	CAB DECISION
		JORDAN	EXECUTIVE ORDER
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	FOR STAFFING
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	BUTLER		MITCHELL
	CARP		POSTON
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	CLOUGH		B. RAINWATER
	FALLOWS		SCHLESINGER
	FIRST LADY		SCHNEIDERS
	GAMMILL		SCHULTZE
	HARDEN		SIEGEL
	HOYT		SMITH
	HUTCHESON		STRAUSS
	JAGODA		WELLS
	KING		VOORDE

86/13/77
THE WHITE HOUSE
WASHINGTON

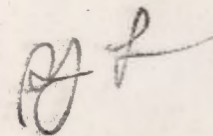
June 8, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

ROBERT J. LIPSHUTZ



Attached for your consideration is a salary order for the two deputies in Frank Moore's office (one for the House and one for the Senate). This is in accordance with your decision on staffing this office and the salary is the same as the level that has been established for deputies in the other staff offices. I recommend that you sign the order.

Attachment

The rates of compensation are hereby fixed on the following:

<u>NAME</u>	<u>SALARY</u>	<u>EFFECTIVE DATE</u>
William H. Cable	\$48,500	June 1, 1977
Danny C. Tate	\$48,500	May 9, 1977

Jimmy Carter

THE WHITE HOUSE,